

LEGISLATIVE COUNCIL BRIEF

Lifts and Escalators (Safety) Ordinance (Chapter 327)

LIFTS AND ESCALATORS (SAFETY)(FEES)(AMENDMENT) REGULATION 2000

INTRODUCTION

In accordance with section 49(1)(e) of the Lifts and Escalators (Safety) Ordinance (Cap. 327) and Article 56 of the Basic Law, the Chief Executive, after consultation with the Executive Council on 3 October 2000, has made the Lifts and Escalators (Safety) (Fees) (Amendment) Regulation 2000 (the Amendment Regulation) at Annex A-1 to revise the fees specified in the Lifts and Escalators (Safety) (Fees) Regulations (Cap. 327 sub. leg.) at Annex A-2.

BACKGROUND AND ARGUMENT

2. Fees are payable for inclusion of persons in the registers of lift engineers, escalator engineers, lift contractors and escalator contractors, and for certificates of examination and testing of lifts and escalators under the Lifts and Escalators (Safety) Ordinance (the Ordinance). The fees are set out in the Lifts and Escalators (Safety) (Fees) Regulations (the Regulations).

3. It is Government policy that fees should in general be set at levels sufficient to recover the full cost of providing the services. Most Government fees and charges have been frozen since February 1998 as an exceptional measure to ease the burden on the community at a time of economic setback. In June 1999, the Financial Secretary decided to continue the fee revision moratorium until the year-on-year quarterly growth rate of the gross domestic product (GDP) turned firmly positive. A consequence of this moratorium is that the full implementation of the “User Pays” principle has been held in abeyance for more than two years.

4. In view of the recovery of our economy (GDP growth of 4.4% and 9.2% in the third and fourth quarters of 1999 respectively and a projected growth of 8.5% for the year 2000 as a whole), and to ensure adherence to the “User Pays” principle, it is proposed that those fees and charges that do not directly affect people’s livelihood and general business activities should be revised first.

5. The fees payable under the Ordinance were last revised in March 1997. On the basis of a recent costing review, the existing fees can only recover 81% to 90% of the full cost of providing the services. The cost computations are shown at Annex B. To minimize the impact of the fee increases, we **propose** to increase the existing fees by 10% with a view to achieving full-cost recovery within two to three years. Details of existing and the proposed fees are set out at Annex C.

THE AMENDMENT REGULATION

6. The Amendment Regulation revises the fees to the levels as set out at Annex C.

COMMENCEMENT

7. We propose that the new fees should be effective from **24 November 2000**.

PUBLIC CONSULTATION

8. The previous Legislative Council Panel on Planning, Lands and Works was consulted on 8 June 2000 on the proposed revision of fees under the purview of Planning and Lands Bureau. Members did not object to the proposal to increase fees for certification and issue of permits by the Electrical and Mechanical Services Department (EMSD) for the safe operation of electrical and mechanical facilities, including the fees specified at Annex C.

9. In August 2000, EMSD consulted the Registered Elevator and Escalator Contractors Association Limited (REECAL), the Lift and Escalator Contractors Association (LECA) and the International Association of Elevator Engineers – Hong Kong Branch (IAEE) on the proposed fee increases. The

REECAL and the LECA indicated that they have no objection to the proposed fee increases. The IAEE confirmed that they have no objection to the fee increases for items which are not charged regularly. However, they have reservations on fee item 8 (fee for certifying that a lift or escalator and the safety equipment provided have passed the required examination or test) which they considered should either be frozen for one more year or be increased by 5% only. Under the proposed revision, the fee charged would only increase by \$25/year/lift and \$50/year/escalator in 2000-01. Such an increase should not have any significant effect on people's livelihood or general business activities.

BASIC LAW IMPLICATIONS

10. The Department of Justice advises that the Amendment Regulation is consistent with the Basic Law.

HUMAN RIGHTS IMPLICATIONS

11. The Department of Justice advises that the Amendment Regulation has no human rights implications.

BINDING EFFECT OF THE LEGISLATION

12. The amendments will not affect the current binding effect of the principal Ordinance.

FINANCIAL AND STAFFING IMPLICATIONS

13. The additional revenue is estimated to be \$1.3 million per annum. There are no staffing implications.

ECONOMIC IMPLICATIONS

14. As only a small number of people and businesses would be affected by a revision of these fees and as the proposed fees represent a small percentage of the operating costs of the trade, the impact of the proposal should be minimal.

EFFICIENCY INITIATIVES

15. In parallel with the revision of those fees and charges proposed at Annex C, we shall continue to push ahead with the Enhanced Productivity Programme and other efficiency improvement measures to contain costs and alleviate the pressure for fee increases.

16. EMSD has regularly reviewed the inspection, registration and certification procedures to minimize the manpower requirement. For example, arrangements have been made for the local universities to conduct written examinations for those persons applying for registration as lift/escalator engineers. Moreover, EMSD has embarked on studies for replacing the existing computer system used for keeping records of lifts and escalators, registered lift/escalator engineers and contractors with a more powerful system so as to improve operational efficiency.

LEGISLATIVE TIMETABLE

17. The legislative timetable will be –

Publication in the Gazette	13 October 2000
Tabling in the Legislative Council	18 October 2000

PUBLICITY

18. The Amendment Regulation will be published in the Gazette on 13 October 2000. A press release will be issued on the date of gazettal. A spokesman will be available to answer media enquires.

ENQUIRIES

19. For enquiries, please contact Mr. Geoffrey Woodhead, Principal Assistant Secretary (Buildings)/Planning and Lands Bureau (tel: 2848 6288).

Planning and Lands Bureau
October 2000

Lifts and Escalators (Safety) Ordinance
(Chapter 327)

**LIFTS AND ESCALATORS (SAFETY)(FEES)
(AMENDMENT) REGULATION 2000**

ANNEXES

- Annex A - Lifts and Escalators (Safety) (Fees) (Amendment) Regulation 2000
- Annex B - Cost Computations
- Annex C - Revision of Fees under the Lifts and Escalators (Safety) (Fees) (Amendment) Regulation 2000

**LIFTS AND ESCALATORS (SAFETY) (FEES)
(AMENDMENT) REGULATION 2000**

(Made under section 49(1) (e) of the Lifts and Escalators
(Safety) Ordinance (Cap. 327) after consultation
with the Executive Council)

1. Commencement

This Regulation shall come into operation on 24 November 2000.

2. Table of fees

The Schedule to the Lifts and Escalators (Safety) (Fees) Regulations (Cap. 327 sub. leg.) is amended -

- (a) in items 1 and 2, by repealing "4,090" and substituting "4,490";
- (b) in item 3, by repealing "4,250" and substituting "4,675";
- (c) in items 4 and 5, by repealing "2,650" and substituting "2,915";
- (d) in item 6, by repealing "645" and substituting "710";
- (e) in item 7, by repealing "675" and substituting "740";
- (f) in item 8, by repealing "240" and substituting "265";

(g) in item 9, by repealing "245" and substituting 270".

Chief Executive

11 October 2000

Explanatory Note

This Regulation increases the fees payable under the Lifts and Escalators (Safety) Ordinance (Cap. 327).

Chapter:	327A	Title:	LIFTS AND ESCALATORS (SAFETY) (FEES) REGULATIONS	Gazette Number:	L.N. 118 of 1999
Schedule:		Heading:	SCHEDULE	Version Date:	17/06/1999

[regulation 2]

TABLE OF FEES

Item	Particulars	\$
1.	Fee payable under section 6 for application for inclusion of person in the register of lift engineers	4090
2.	Fee payable under section 6 for application for inclusion of person in the register of escalator engineers	4090
3.	Fee payable under section 6 for application for inclusion at the same time of person in the register of lift engineers and the register of escalator engineers	4250
4.	Fee payable under section 11C for application for inclusion of person in the register of lift contractors	2650
5.	Fee payable under section 11C for application for inclusion of person in the register of escalator contractors	2650
6.	Fee payable under section 12(2)	645
7.	Fee payable under section 13(2)	675
8.	Fee payable under section 26(1)(b)	240
9.	Fee payable under section 27(2) (L.N. 30 of 1993; L.N. 113 of 1994; L.N. 607 of 1994; L.N. 42 of 1996; L.N. 31 of 1997; 4 of 1999 s. 40)	245

COST COMPUTATION
Electrical & Mechanical Services Department
Fees payable under the Lifts and Escalators (Safety) (Fees) Regulations
Costs at 2000-01 Prices

	Inclusion of person in the register of lift engineers	Inclusion of person in the register of escalator engineers	Inclusion of person at the same time in the registers of lift engineers and escalator engineers	Inclusion of person in the register of lift contractors	Inclusion of person in the register of escalator contractors
	\$	\$	\$	\$	\$
Staff Costs	32,373	8,093	9,046	5,766	5,766
Accommodation Costs	471	118	131	97	97
Departmental Expenses	1,442	360	403	256	256
Central Administrative Overhead	1,937	484	541	345	345
Total Cost	36,223	9,055	10,121	6,464	6,464
Estimated number of case for 2000-01	8	2	2	2	2
Unit cost at 2000-01 prices (\$)	4,528	4,528	5,060	3,232	3,232
Existing fee with effect from 8.3.1997 (\$)	4,090	4,090	4,250	2,650	2,650
Proposed fee with effect from 24.11.2000 (\$)*	4,490	4,490	4,675	2,915	2,915

*Derived by multiplying the existing fee by an increase of 10%.

COST COMPUTATION
Electrical & Mechanical Services Department
Fees payable under the Lifts and Escalators (Safety)(Fees) Regulations
Costs at 2000-01 Prices

	Certifying that a new lift or escalator is in safe working order	Certifying that alterations made to a lift or escalator are in safe working order	Certifying that a lift or escalator and the safety equipment provided have passed the required examination or test	Making application for revoking an order made by the DEMS which prohibits the use and operation of a lift or escalator
	\$	\$	\$	\$
Staff Costs	1,205,533	164,085	11,867,389	9,889
Accommodation Costs	21,764	2,747	236,207	197
Departmental Expenses	53,809	7,386	528,722	441
Central Administrative Overhead	72,164	9,821	710,561	592
Total Cost	1,353,270	184,039	13,342,879	11,119
Estimated number of case for 2000-01	1,700	240	48,000	40
Unit cost at 2000-01 prices (\$)	796	767	278	278
Existing fee with effect from 8.3.1997 (\$)	645	675	240	245
Proposed fee with effect from 24.11.2000 (\$)*	710	740	265	270

*Derived by multiplying the existing fee by an increase of 10%.

**Revision of Fees under the
Lifts and Escalators (Safety)(Fees) Regulation**

Item	Description of Fee Item	Existing Fee (HK\$)	Proposed Fee (HK\$)
1.	Fee payable under section 6 for application for inclusion of person in the register of lift engineers	4,090	4,490
2.	Fee payable under section 6 for application for inclusion of person in the register of escalator engineers	4,090	4,490
3.	Fee payable under section 6 for application for inclusion at the same time of person in the register of lift engineers and the register of escalator engineers	4,250	4,675
4.	Fee payable under section 11C for application for inclusion of person in the register of lift contractors	2,650	2,915
5.	Fee payable under section 11C for application for inclusion of person in the register of escalator Contractors	2,650	2,915
6.	Fee payable under section 12(2) for certifying that a new lift or escalator is in safe working order	645	710
7.	Fee payable under section 13(2) for certifying that alterations made to a lift or escalator are in safe working order	675	740
8.	Fee payable under section 26(1)(b) for certifying that a lift or escalator and the safety equipment provided have passed the required examination and tests	240	265
9.	Fee payable under section 27(2) for making application for revoking an order made by the Director of Electrical and Mechanical Services which prohibits the use and operation of a lift or escalator	245	270